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TITLE II—CHANGES IN BENEFITS

- Sec. 201. Shift of cost-of-living adjustments to calendar year basis.
- Sec. 202. Elimination of windfall benefits for persons with pensions from noncovered employment.
- Sec. 203. Benefits for divorced or disabled widow or widower who remarries.
- Sec. 204. Change in indexing for deferred survivor benefits.
- Sec. 205. Benefits for divorced spouse regardless of whether former spouse has retired.
- Sec. 206. Increase in benefit amount for disabled widows and widowers.
- Sec. 207. Adjustment to cost-of-living increase when trust fund ratio falls below 20 percent.
- Sec. 208. Increase in old-age insurance benefit amounts on account of delayed retirement.

TITLE III—REVENUE PROVISIONS

- Sec. 301. Amendment of 1954 Code.
- Sec. 302. Taxation of 50 percent of social security benefits of higher income persons.
- Sec. 303. Acceleration of increase in FICA taxes; 1984 employee FICA tax credit.
- Sec. 304. Self-employment taxes.
- Sec. 305. Coverage of payments under salary reduction plans.

TITLE IV—MISCELLANEOUS FINANCING PROVISIONS

- Sec. 401. Allocation to Disability Insurance Trust Fund.
- Sec. 402. Interfund borrowing extension.
- Sec. 403. Crediting amounts of unnegotiated checks to trust funds.
- Sec. 404. Transfer to trust funds for costs of benefits attributable to military service before 1957.
- Sec. 405. Payment to trust funds of amounts equivalent to taxes on service in the uniformed services performed after 1956.
- Sec. 406. Trust fund investment procedure.
- Sec. 407. Addition of public members to trust fund board of trustees.

1                   **TITLE I—CHANGES IN COVERAGE**

2                   **COVERAGE OF NEWLY HIRED FEDERAL EMPLOYEES**

3                   **SEC. 101. (a)(1)** Section 210(a) of the Social Security  
4 Act is amended by striking out paragraphs (5) and (6) and  
5 inserting in lieu thereof the following:

6                   “(5) Service performed in the employ of the  
7 United States or any instrumentality of the United  
8 States, if such service—

1           “(A) would not be included in the term ‘em-  
2           ployment’ for purposes of this subsection by  
3           reason of the provisions of paragraph (5) or (6) of  
4           this subsection as in effect on January 1, 1983,

5           “(B) is performed by an individual who has  
6           been continuously in the employ of the United  
7           States or an instrumentality thereof since Decem-  
8           ber 31, 1983; and

9           “(C) is not service performed as the Presi-  
10          dent or Vice-President of the United States or as  
11          a Member, Delegate, or Resident Commissioner of  
12          or to the Congress;

13          “(6) Service performed in the employ of the  
14          United States or any instrumentality of the United  
15          States if such service is performed—

16               “(A) in a penal institution of the United  
17               States by an inmate thereof;

18               “(B) by any individual as an employee in-  
19               cluded under section 5351(2) of title 5, United  
20               States Code (relating to certain interns, student  
21               nurses, and other student employees of hospitals  
22               of the Federal Government), other than as a  
23               medical or dental intern or a medical or dental  
24               resident in training; or

1           “(C) by any individual as an employee serv-  
2           ing on a temporary basis in case of fire, storm,  
3           earthquake, flood, or other similar emergency;”.

4           (2) Section 210(p) of such Act is amended by striking  
5 out “provisions of—” and all that follows and inserting in  
6 lieu thereof “provisions of subsection (a)(5).”.

7           (b)(1) Section 3121(b) of the Internal Revenue Code of  
8 1954 is amended by striking out paragraphs (5) and (6) and  
9 inserting in lieu thereof the following:

10           “(5) service performed in the employ of the  
11           United States or any instrumentality of the United  
12           States, if such service—

13           “(A) would not be included in the term ‘em-  
14           ployment’ for purposes of this subsection by  
15           reason of the provisions of paragraph (5) or (6) of  
16           this subsection as in effect on January 1, 1983,  
17           and

18           “(B) is performed by an individual who has  
19           been continuously in the employ of the United  
20           States or an instrumentality thereof since Decem-  
21           ber 31, 1983; and

22           “(C) is not service performed as the Presi-  
23           dent or Vice-President of the United States or as  
24           a Member, Delegate, or Resident Commissioner of  
25           or to the Congress;

1           “(6) service performed in the employ of the  
2       United States or any instrumentality of the United  
3       States if such service is performed—

4           “(A) in a penal institution of the United  
5       States by an inmate thereof;

6           “(B) by any individual as an employee in-  
7       cluded under section 5351(2) of title 5, United  
8       States Code (relating to certain interns, student  
9       nurses, and other student employees of hospitals  
10      of the Federal Government), other than as a  
11      medical or dental intern or a medical or dental  
12      resident in training; or

13          “(C) by any individual as an employee serv-  
14      ing on a temporary basis in case of fire, storm,  
15      earthquake, flood, or other similar emergency;”.

16      (2) Section 3121(u)(1) of such Code is amended to read  
17      as follows:

18          “(1) IN GENERAL.—For purposes of the taxes im-  
19      posed by sections 3101(b) and 3111(b), subsection (b)  
20      shall be applied without regard to paragraph (5) there-  
21      of.”.

22      (c) The amendments made by this section shall be effec-  
23      tive with respect to remuneration paid after December 31,  
24      1983.

1                   COVERAGE OF EMPLOYEES OF NONPROFIT  
2   ORGANIZATIONS

3           SEC. 102. (a) Section 210(a)(8) of the Social Security  
4 Act is amended by striking out subparagraph (B) thereof and  
5 by striking out "(A)" after "(8)".

6           (b)(1) Section 3121(b)(8) of the Internal Revenue Code  
7 of 1954 is amended by striking out subparagraph (B) thereof  
8 and by striking out "(A)" after "(8)".

9           (2) Subsection (k) of section 3121 of such Code is re-  
10 pealed.

11          (c) The amendments made by this section shall be effec-  
12 tive with respect to remuneration paid after December 31,  
13 1983.

14          (d) Notwithstanding any provision of section 3121(k) of  
15 the Internal Revenue Code of 1954 (or any other provision of  
16 law) the period for which a certificate is in effect under such  
17 section may not be terminated on or after the date of the  
18 enactment of this Act.

19 DURATION OF AGREEMENT FOR COVERAGE OF STATE AND  
20   LOCAL EMPLOYEES

21          SEC. 103. (a) Subsection (g) of section 218 of the Social  
22 Security Act is amended to read as follows:

23   "Duration of Agreement

24          "(g) No agreement under this section may be terminat-  
25 ed, in its entirety or with respect to any coverage group, on

1 or after the date of the enactment of the Social Security  
2 Amendments of 1983.”.

3 (b) The amendment made by subsection (a) shall apply  
4 to any agreement in effect under section 218 of the Social  
5 Security Act on the date of the enactment of this Act, with-  
6 out regard to whether a notice of termination was in effect on  
7 such date.

## 8 TITLE II—CHANGES IN BENEFITS

### 9 SHIFT OF COST-OF-LIVING ADJUSTMENTS TO CALENDAR

#### 10 YEAR BASIS

11 SEC. 201. (a)(1) Section 215(i)(2)(A)(ii) of the Social Se-  
12 curity Act is amended by striking out “June” and inserting  
13 in lieu thereof “December”.

14 (2) Section 215(i)(2)(A)(iii) of such Act is amended by  
15 striking out “May” and inserting in lieu thereof “November”.

16 (3) Section 215(i)(2)(B) of such Act is amended by strik-  
17 ing out “May” each place it appears and inserting in lieu  
18 thereof in each instance “November”.

19 (4) Section 203(f)(8)(A) of such Act is amended by strik-  
20 ing out “June” and inserting in lieu thereof “December”.

21 (5) Section 230(a) of such Act is amended by striking  
22 out “June” and inserting in lieu thereof “December”.

23 (6) Section 215(i)(2) of such Act as in effect in Decem-  
24 ber 1978, and as applied in certain cases under the provisions  
25 of such Act as in effect after December 1978, is amended by

1 striking out “June” in subparagraph (A)(ii) and inserting in  
2 lieu thereof “December”, and by striking out “May” each  
3 place it appears in subparagraph (B) and inserting in lieu  
4 thereof in each instance “November”.

5 (7) Section 202(m) of such Act (as it applies in certain  
6 cases by reason of section 2 of Public Law 97-123) is  
7 amended by striking out “May” and inserting in lieu thereof  
8 “November”.

9 (8) The amendments made by this subsection shall apply  
10 with respect to cost-of-living increases determined under sec-  
11 tion 215(i) of the Social Security Act for years after 1982.

12 (b)(1) Section 215(i)(1)(A) of the Social Security Act is  
13 amended by striking out “March 31” and inserting in lieu  
14 thereof “September 30”, and by striking out “1974” and  
15 inserting in lieu thereof “1982”.

16 (2) Section 215(i)(1)(A) of such Act as in effect in De-  
17 cember 1978, and as applied in certain cases under the provi-  
18 sions of such Act as in effect after December 1978, is amend-  
19 ed by striking out “March 31” and inserting in lieu thereof  
20 “September 30”.

21 (3) The amendments made by this subsection shall apply  
22 with respect to cost-of-living increases determined under sec-  
23 tion 215(i) of the Social Security Act for years after 1983.

24 (c) Section 215(i)(4) of such Act is amended by inserting  
25 “, and as amended by section 201 (a)(6) and (b)(2) of the



1 Social Security Amendments of 1983,” after “as in effect in  
2 December 1978”.

3 (d)(1) Section 1612(b)(2) of such Act is amended by  
4 redesignating subparagraphs (A) and (B) as subparagraphs  
5 (B) and (C) and inserting before subparagraph (B) the follow-  
6 ing new subparagraph:

7 “(A) the first \$600 per year (or proportionately  
8 smaller amounts for shorter periods) of benefits re-  
9 ceived under title II of this Act;”.

10 (2) Section 1612(b)(2)(B) of such Act (as redesignated  
11 by paragraph (1)) is amended by inserting before the semi-  
12 colon at the end thereof the following: “, reduced (but not  
13 below zero) by any amount excluded under subparagraph  
14 (A)”.

15 (3) The amendments made by this subsection shall be  
16 effective with respect to benefits payable under title XVI of  
17 the Social Security Act for months after June 1983.

18 **ELIMINATION OF WINDFALL BENEFITS FOR INDIVIDUALS**

19 **RECEIVING PENSIONS FROM NONCOVERED EMPLOYMENT**

20 **SEC. 202.** (a) Section 215(a) of the Social Security Act  
21 is amended by adding at the end thereof the following new  
22 paragraph:

23 “(7)(A) In the case of an individual whose primary in-  
24 surance amount would be computed under paragraph (1) of  
25 this subsection, and who becomes entitled after 1983 to a

1 monthly periodic payment (or a payment determined under  
2 subparagraph (D)) based (in whole or in part) upon his earn-  
3 ings for service which did not constitute 'employment' as de-  
4 fined in section 210 for purposes of this title (hereafter in this  
5 paragraph and in subsection (d)(5) referred to as 'noncovered  
6 service'), the primary insurance amount of that individual  
7 during his entitlement to old-age or disability insurance bene-  
8 fits shall be computed or recomputed under subparagraph (B)  
9 with respect to the initial month in which the individual be-  
10 comes eligible for such benefits, and shall be periodically re-  
11 computed thereafter at such times as the Secretary deter-  
12 mines there has been a significant change in the amount of  
13 such periodic payment.

14       “(B) If paragraph (1) of this subsection would apply to  
15 that individual (except for subparagraph (A) of this para-  
16 graph), there shall first be computed an amount equal to the  
17 individual's primary insurance amount under this subsection  
18 (other than this paragraph), except that for purposes of such  
19 computation the percentage of the individual's average in-  
20 dexed monthly earnings established by subparagraph (A)(i) of  
21 paragraph (1) shall be 32 percent. There shall then be com-  
22 puted (without regard to this paragraph) a second amount,  
23 which shall be equal to the individual's primary insurance  
24 amount under this subsection (other than this paragraph),  
25 except that such second amount shall be reduced by an

1 amount equal to one-half of the portion of the monthly peri-  
2 odic payment attributable to non-covered service to which  
3 the individual is entitled (or deemed to be entitled) for the  
4 month for which such old-age or disability insurance benefits  
5 are payable. The individual's primary insurance amount shall  
6 be the larger of the two amounts computed under this sub-  
7 paragraph (before the application of subsection (i)) and shall  
8 be deemed to be computed under paragraph (1) of this sub-  
9 section for the purpose of applying other provisions of this  
10 title.

11       “(C) No primary insurance amount may be reduced by  
12 reason of this paragraph below the amount of the primary  
13 insurance amount as determined under paragraph (1)(C)(i).

14       “(D)(i) Any periodic payment that otherwise meets the  
15 requirements of subparagraph (A), but which is paid on other  
16 than a monthly basis, shall be allocated on a basis equivalent  
17 to a monthly payment (as determined by the Secretary), and  
18 such equivalent monthly payment shall constitute a monthly  
19 periodic payment for purposes of this paragraph.

20       “(ii) In the case of an individual who has elected to  
21 receive a periodic payment that has been reduced so as to  
22 provide a survivors benefit to any other individual, the pay-  
23 ment is deemed to be increased (for the purpose of any com-  
24 putation under this paragraph) by such reduction.

1       “(iii) If an individual to whom subparagraph (A) applies  
2 is eligible for a periodic payment beginning with a month that  
3 is subsequent to the month in which he becomes eligible for  
4 old-age or disability insurance benefits, the amount of that  
5 payment for purposes of subparagraph (B) shall be deemed to  
6 be the amount to which he is, or is deemed, to become enti-  
7 tled (subject to clauses (i), (ii), and (iv) of this subparagraph)  
8 in such subsequent month.

9       “(iv) For purposes of this subparagraph, the term ‘peri-  
10 odic payment’ includes a payment payable in a lump sum if it  
11 is a commutation of, or a substitute for, periodic payments.”.

12       (b) Section 215(d) of such Act is amended by adding at  
13 the end thereof the following new paragraph:

14       “(5) In the case of an individual whose primary insur-  
15 ance amount is not computed under paragraph (1) of subsec-  
16 tion (a) by reason of paragraph (4)(B)(ii) of that subsection,  
17 and who becomes entitled after 1983 to a monthly periodic  
18 payment (or a payment determined under subsection  
19 (a)(7)(D)) based (in whole or in part) upon his earnings in  
20 noncovered service, his primary insurance amount for pur-  
21 poses of his entitlement to old-age or disability insurance  
22 benefits shall be the primary insurance amount computed or  
23 recomputed under this subsection (without regard to this  
24 paragraph and before the application of subsection (i)) re-  
25 duced by an amount equal to the smaller of—

1           “(i) one-half of the primary insurance amount  
2           (computed without regard to this paragraph and before  
3           the application of subsection (i)), or

4           “(ii) one-half of the portion of the monthly period-  
5           ic payment (or payment determined under subsection  
6           (a)(7)(D)) attributable to noncovered service to which  
7           that individual is entitled (or deemed to be entitled) for  
8           the initial month of his eligibility for old-age or disabil-  
9           ity insurance benefits.

10   The amount of such periodic payment for purposes of clause  
11   (ii) shall be periodically recomputed at such times as the Sec-  
12   retary determines there has been a significant change in the  
13   amount of such periodic payment.

14           “(C) No primary insurance amount may be reduced by  
15   reason of this paragraph below the amount of the primary  
16   insurance amount as determined under subsection  
17   (a)(1)(C)(i).”.

18           (c) Section 215(f) of such Act is amended by adding at  
19   the end the following new paragraph:

20           “(9)(A) In the case of an individual who becomes enti-  
21   tled to a periodic payment determined under subsection  
22   (a)(7)(A) or (a)(7)(D) in a month subsequent to the first  
23   month in which he becomes entitled to an old-age or disabil-  
24   ity insurance benefit, and whose primary insurance amount  
25   has been computed without regard to either such subsection

1 or subsection (d)(5), such individual's primary insurance  
2 amount shall be recomputed, in accordance with either such  
3 subsection or subsection (d)(5), as may be applicable, effective  
4 with the first month of his concurrent entitlement to either  
5 such benefit and such periodic payment.

6 “(B) If an individual's primary insurance amount has  
7 been computed under subsection (a)(7) or (d)(5), and it be-  
8 comes necessary to recompute that primary insurance  
9 amount under this subsection—

10 “(i) so as to increase the monthly benefit amount  
11 payable with respect to such primary insurance amount  
12 (other than in the case of the individual's death), such  
13 increase shall be determined as though such primary  
14 insurance amount had initially been computed without  
15 regard to subsection (a)(7) or (d)(5), or

16 “(ii) by reason of the individual's death, such pri-  
17 mary insurance amount shall be recomputed without  
18 regard to (and as though it had never been computed  
19 with regard to) subsection (a)(7) or (d)(5).

20 “(C) In the case of any individual whose primary insur-  
21 ance amount is subject to the requirements of subsection  
22 (a)(7) or (d)(5), the amount of such primary insurance amount  
23 shall be recomputed as may be required under such subsec-  
24 tions by reason of a significant change in the amount of the  
25 relevant periodic payment.”.

15

1 (d) Sections 202(e)(2)(B)(i) and 202(f)(3)(B)(i) of such  
2 Act are each amended by striking out “section 215(f)(5) or  
3 (6)” and inserting in lieu thereof “section 215(f)(5), 215(f)(6),  
4 or 215(f)(9)(B)”.

5 BENEFITS FOR SURVIVING DIVORCED SPOUSES AND

6 DISABLED WIDOWS AND WIDOWERS WHO REMARRY

7 SEC. 203. (a)(1) Section 202(e)(3) of the Social Security  
8 Act is repealed.

9 (2) Section 202(e)(4) of such Act is amended to read as  
10 follows:

11 “(4) For purposes of paragraph (1), if—

12 “(A) a widow or a surviving divorced wife marries  
13 after attaining age 60, or

14 “(B) a disabled widow or disabled surviving di-  
15 vorced wife described in paragraph (1)(B)(ii) marries  
16 after attaining age 50,

17 such marriage shall be deemed not to have occurred.”.

18 (b)(1) Section 202(f)(4) of such Act is repealed.

19 (2) Section 202(f)(5) of such Act is amended to read as  
20 follows:

21 “(5) For purposes of paragraph (1), if—

22 “(A) a widower marries after attaining age 60, or

23 “(B) a disabled widower described in paragraph  
24 (1)(B)(ii) marries after attaining age 50,

25 such marriage shall be deemed not to have occurred.”.

1 (c)(1) The amendments made by subsection (a) shall be  
2 effective with respect to monthly benefits payable under title  
3 II of the Social Security Act for months after December  
4 1983.

5 (2) In the case of an individual who was not entitled to a  
6 monthly benefit under title II of such Act for December  
7 1983, no benefit shall be paid under such title by reason of  
8 such amendments unless proper application for such benefit is  
9 made.

10 DETERMINATION OF PRIMARY INSURANCE AMOUNT FOR  
11 DEFERRED SURVIVOR BENEFITS

12 SEC. 204. (a) Section 215(a) of the Social Security Act  
13 is amended by adding at the end thereof the following new  
14 paragraph:

15 “(8)(A) If a person is entitled to benefits under subsec-  
16 tion (e) or (f) of section 202 on the basis of the wages and  
17 self-employment income of a deceased individual whose pri-  
18 mary insurance amount would otherwise be determined under  
19 paragraph (1), the primary insurance amount of such de-  
20 ceased individual shall be determined, for purposes of deter-  
21 mining the amount of the benefit under such subsection, as if  
22 such deceased individual died in the year in which the person  
23 entitled to benefits under such subsection first became eligible  
24 for such benefits or, if earlier, the year in which such de-  
25 ceased individual would have attained age 60 if he had not



1 died (except that the actual year of death of such deceased  
2 individual shall be used for purposes of section  
3 215(b)(2)(B)(ii)(II)).

4 “(B) Notwithstanding subparagraph (A), if a person—

5 “(i) is entitled to benefits under subsection (e) or  
6 (f) of section 202 on the basis of the wages and self-  
7 employment income of a deceased individual, and

8 “(ii) was entitled to benefits under this title on the  
9 basis of the wages and self-employment income of such  
10 deceased individual in the month before the month in  
11 which such person became eligible for the benefits de-  
12 scribed in clause (i),

13 the primary insurance amount of such deceased individual  
14 shall be the primary insurance amount determined under the  
15 rules which would apply (but for subparagraph (A)) or the  
16 primary insurance amount determined under subparagraph  
17 (A), whichever is larger.

18 “(C) For purposes of determining the maximum family  
19 benefit amount with respect to a deceased individual for  
20 whom a primary insurance amount is determined under this  
21 paragraph, the primary insurance amount of such deceased  
22 individual shall be the primary insurance amount determined  
23 under the rules which would apply (but for this paragraph) or  
24 the primary insurance amount determined under this para-  
25 graph, whichever is larger.”.

1 (b) The amendments made by subsection (a) shall apply  
2 to the benefits of individuals who become eligible for benefits  
3 under section 202 (e) and (f) of the Social Security Act after  
4 December 1983.

5 BENEFITS FOR DIVORCED SPOUSE REGARDLESS OF  
6 WHETHER FORMER SPOUSE HAS RETIRED

7 SEC. 205. (a) Section 202(b) of the Social Security Act  
8 is amended by adding at the end thereof the following new  
9 paragraph:

10 “(5) For purposes of determining the entitlement of a  
11 divorced wife to a benefit under this subsection and the  
12 amount of such benefit, in the case of a wife who has been  
13 divorced from her former husband for a period of not less  
14 than 24 months—

15 “(A) such former husband shall be deemed to be  
16 entitled to an old-age insurance benefit if he would be  
17 entitled to such a benefit if he applied therefor; and

18 “(B) the amount of such benefit for such divorced  
19 wife shall be determined without regard to reductions  
20 which are or would be made under section 203 on ac-  
21 count of work performed by such former husband.”.

22 (b)(1) The amendment made by subsection (a) shall be  
23 effective with respect to monthly benefits payable under title  
24 II of the Social Security Act for months after December  
25 1983.



1 first day of the month in which such individual attains  
2 age 60, whichever is later,  
3 and ending with the last day of the month before the month  
4 in which such individual attains retirement age.”.

5 (3) Section 202(q)(7) of such Act is amended by striking  
6 out the matter preceding subparagraph (A) and inserting in  
7 lieu thereof the following:

8 “(7) For purposes of this subsection, the ‘adjusted re-  
9 duction period’ for an old-age, wife’s, husband’s, widow’s, or  
10 widower’s insurance benefit is the reduction period prescribed  
11 in paragraph (6) for such benefit, excluding—”.

12 (4) Paragraphs (1)(B)(i), (3)(E)(ii), and (3)(F)(ii) of sec-  
13 tion 202(q) of such Act are each amended by striking out  
14 “(6)(A)” and inserting in lieu thereof in each instance “(6)”.

15 (5) Section 202(q)(3)(G) of such Act is amended by  
16 striking out “paragraph (6)(A) (or, if such paragraph does not  
17 apply, the period specified in paragraph (6)(B))” and inserting  
18 in lieu thereof “paragraph (6)”.

19 (6) Section 202(q)(10) of such Act is amended—

20 (A) by striking out “or an additional adjusted re-  
21 duction period”;

22 (B) in subparagraphs (B)(i), (C)(i), and (C)(ii), by  
23 striking out “, plus the number of months in the ad-  
24 justed additional reduction period multiplied by  $43/240$   
25 of 1 percent”; and

1 (C) in subparagraph (B)(ii), by striking out “, plus  
2 the number of months in the additional reduction  
3 period multiplied by  $43/240$  of 1 percent”.

4 (b)(1) The amendments made by this section shall be  
5 effective with respect to monthly benefits under title II of the  
6 Social Security Act for months after December 1983.

7 (2) In the case of an individual who was not entitled to a  
8 monthly benefit under title II of such Act for December  
9 1983, no benefit shall be paid under such title by reason of  
10 such amendments unless proper application for such benefit is  
11 made.

12 ADJUSTMENT TO COST-OF-LIVING INCREASE WHEN TRUST  
13 FUND RATIO FALLS BELOW 20 PERCENT

14 SEC. 207. (a) Section 215(i)(2)(A)(ii) of the Social Secu-  
15 rity Act is amended, in the matter following clause (III), by  
16 striking out “The increase shall be derived” and inserting in  
17 lieu thereof “Except as otherwise provided in paragraph (5),  
18 the increase shall be derived”.

19 (b) Section 215(i) of such Act is amended by adding at the  
20 end thereof the following new paragraph:

21 “(5)(A) The amount of the increase under paragraph (2)  
22 to become effective for monthly benefits payable for Decem-  
23 ber 1988 or any December thereafter shall, if the Secretary  
24 makes a finding under this paragraph that the combined trust  
25 funds ratio (as defined in subparagraph (D)) as of the start of

1 business on January 1 of the calendar year in which such  
2 December falls is less than 20 percent, be determined under  
3 paragraph (2) by substituting—

4           “(i) the percentage (rounded to the nearest one-  
5           tenth of 1 percent) by which the average of the total  
6           wages for the preceding calendar year (as determined  
7           for purposes of subsection (b)(3)(A)(ii)) exceeds such  
8           average for the second preceding calendar year (and if  
9           no increase in such wages took place, the percentage  
10          shall be deemed to be zero), for

11           “(ii) the percentage otherwise applicable under  
12          paragraph (2),

13 but only if the percentage determined under clause (i) is less  
14 than the percentage determined under clause (ii).

15          “(B) In any case in which a cost-of-living adjustment  
16 would not be made under this subsection on account of the  
17 relevant increase in the Consumer Price Index being less  
18 than 3 percent, no such cost-of-living increase shall be made  
19 by reason of this paragraph. For purposes of any subsequent  
20 determination of a cost-of-living increase based upon a period  
21 of more than 12 months, the percentage of the cost-of-living  
22 increase (if any) to be applied under paragraph (2) shall be  
23 the sum of the percentage increases for each relevant 12-  
24 month period in such longer period which would have been  
25 effective under this subsection (including this paragraph) but

1 for the provision of paragraph (1) which limits such increases  
2 only to cases in which the relevant increase in the Consumer  
3 Price Index is equal to or greater than 3 percent.

4 “(C) The Secretary shall make the finding with respect  
5 to the combined trust funds ratio (as of the start of business  
6 on January 1 of each calendar year) on October 1 of each  
7 calendar year, based upon the most recent data available as  
8 of that time.

9 “(D) For purposes of this paragraph, the term ‘com-  
10 bined trust funds ratio’ means the ratio of—

11 “(i) the combined balance in the Federal Old-Age  
12 and Survivors Insurance Trust Fund and the Federal  
13 Disability Insurance Trust Fund, reduced by the  
14 amount of any outstanding loan (including interest  
15 thereon) from the Federal Hospital Insurance Trust  
16 Fund, as of the start of business on January 1 of any  
17 calendar year, to

18 “(ii) the amount estimated by the Secretary to be  
19 the total amount to be paid from the Federal Old-Age  
20 and Survivors Insurance Trust Fund and the Federal  
21 Disability Insurance Trust Fund during such calendar  
22 year for all purposes authorized by section 201, but ex-  
23 cluding any transfer payments between such trust  
24 funds and reducing the amount of any transfer to the  
25 Railroad Retirement Account by the amount of any

1 transfers into either such trust fund from the Railroad  
2 Retirement Account.

3 “(E) If any increase under paragraph (2) has been deter-  
4 mined on the basis of the substitute formula in subparagraph  
5 (A)(i) of this paragraph, and, for any succeeding calendar  
6 year, the Secretary determines that the combined trust funds  
7 ratio is greater than 32 percent, the Secretary shall pay addi-  
8 tional benefits with respect to the 12-month period beginning  
9 with the following December in amounts not to exceed—

10 “(i) in the aggregate, a total amount which, ac-  
11 cording to actuarial estimate, equals the amount by  
12 which the balance in such trust funds on the date of  
13 such determination exceeds the amount necessary to  
14 effect a combined trust funds ratio of 32 percent for  
15 the following year; and

16 “(ii) with respect to any individual, for benefits for  
17 each month in such 12-month period, an amount equal  
18 to one-twelfth of the total amount by which all benefits  
19 paid to him during all previous years were less than  
20 the amounts which would have been paid to him but  
21 for the provisions of this paragraph.

22 Such additional benefits shall be paid as a percentage in-  
23 crease in the monthly benefits otherwise payable for months  
24 during such 12-month period. If there are not sufficient funds  
25 available to pay additional benefits in the full amount to all



1 individuals (taking into account the limitation in clause (i)),  
2 amounts paid under this subparagraph shall be paid on a pro  
3 rata basis to all individuals who are entitled to any such  
4 amount and are entitled to a benefit under this title for the  
5 months in which such additional amounts are being paid.

6       “(F) In any case in which additional payments are made  
7 by reason of the provisions of subparagraph (E), for purposes  
8 of determining benefit amounts for months after the 12-  
9 month period for which such additional benefits were made,  
10 the percentage increase under this subsection applicable to  
11 benefits payable for such 12-month period shall be deemed to  
12 be the actual percentage achieved by reason of such addition-  
13 al payments (as measured with respect to payments which  
14 are not subject to reduction under any other provision of this  
15 Act).”.

16       (c) Only with respect to the determination made for Jan-  
17 uary 1, 1988, the combined trust fund ratio for such year (for  
18 purposes of determining the increase under section 215(i) of  
19 the Social Security Act for benefits payable for December of  
20 such year) shall be determined by using the actuarial estimate  
21 of the Secretary of Health and Human services of the ratio  
22 of—

23               (1) the combined balance which will be available  
24       in the Federal Old-Age and Survivors Insurance Trust  
25       Fund and the Federal Disability Insurance Trust Fund,

1 reduced by the amount of any outstanding loan (includ-  
2 ing interest thereon) from the Federal Hospital Insur-  
3 ance Trust Fund, at the close of business on December  
4 31 of such calendar year, to

5 (2) the amount estimated by the Secretary to be  
6 the total amount to be paid from the Federal Old-Age  
7 and Survivors Insurance Trust Fund and the Federal  
8 Disability Insurance Trust Fund for calendar year  
9 1988 for all purposes authorized by section 201 of such  
10 Act, but excluding any transfer payments between such  
11 trust funds, and reducing the amount of any transfer to  
12 the Railroad Retirement Account by the amount of any  
13 transfers into either such trust fund from the Railroad  
14 Retirement Account.

15 (d) Section 1617(a)(2) of the Social Security Act is  
16 amended by inserting “, or, if greater, the percentage by  
17 which benefit amounts under title II would be increased for  
18 such month but for the provisions of section 215(i)(5),” after  
19 “are increased for such month”.

20 INCREASE IN OLD-AGE INSURANCE BENEFIT AMOUNTS ON  
21 ACCOUNT OF DELAYED RETIREMENT

22 SEC. 208. (a) Section 202(w)(1)(A) of the Social Secu-  
23 rity Act is amended to read as follows:

24 “(A) the applicable percentage (as determined  
25 under paragraph (6)) of such amount, multiplied by”.

1 (b) Section 202(w) of such Act is amended by adding at  
2 the end thereof the following new paragraph:

3 “(6) For purposes of paragraph (1)(A), the applicable  
4 percentage is—

5 “(A)  $\frac{1}{12}$  of 1 percent in the case of an individual  
6 who first becomes eligible for an old-age insurance  
7 benefit before 1979; and

8 “(B) in the case of all other individuals—

9 “(i)  $\frac{1}{4}$  of 1 percent for increment months  
10 earned prior to 1990,

11 “(ii) with respect to increment months  
12 earned after 1989, a percentage equal to the per-  
13 centage in effect under this subparagraph for  
14 months in the preceding calendar year (as in-  
15 creased pursuant to this clause), plus  $\frac{1}{48}$  of 1  
16 percent, and

17 “(iii)  $\frac{2}{3}$  of 1 percent for increment months  
18 earned after 2008.”.

19 (c)(1) Paragraphs (2) (A) and (3) of section 202(w) of  
20 such Act are each amended by striking out “age 72” and  
21 inserting in lieu thereof “age 70”.

22 (2) The amendments made by paragraph (1) shall apply  
23 with respect to increment months in calendar years after  
24 1983.

1           **TITLE III—REVENUE PROVISIONS**

2   **SEC. 301. AMENDMENT OF 1954 CODE.**

3       Except as otherwise expressly provided, whenever in  
4 this title an amendment or repeal is expressed in terms of an  
5 amendment to, or repeal of, a section or other provision, the  
6 reference shall be considered to be made to a section or other  
7 provision of the Internal Revenue Code of 1954.

8   **SEC. 302. TAXATION OF 50 PERCENT OF SOCIAL SECURITY**  
9           **BENEFITS OF HIGHER INCOME PERSONS.**

10       (a) **GENERAL RULE.**—Part II of subchapter B of chap-  
11 ter 1 (relating to amounts specifically included in gross  
12 income) is amended by redesignating section 86 as section 87  
13 and by inserting after section 85 the following new section:  
14 “**SEC. 86. SOCIAL SECURITY BENEFITS.**

15       “(a) **IN GENERAL.**—If the adjusted gross income (deter-  
16 mined without regard to this section, section 105(d), or sec-  
17 tion 221) of the taxpayer for the taxable year exceeds the  
18 base amount, there shall be included in the gross income of  
19 the taxpayer for the taxable year an amount equal to one-half  
20 of the social security benefits paid to the taxpayer during the  
21 taxable year.

22       “(b) **BASE AMOUNT.**—For purposes of this section, the  
23 term ‘base amount’ means—

24           “(1) except as provided in paragraphs (2) and (3),  
25       \$20,000,

1           “(2) \$25,000, in the case of a joint return, and

2           “(3) zero, in the case of a taxpayer who—

3               “(A) is married at the close of the taxable  
4           year (within the meaning of section 143) but does  
5           not file a joint return for such year, and

6               “(B) does not live apart from his spouse at  
7           all times during the taxable year.

8           “(d) **SOCIAL SECURITY BENEFIT.**—For purposes of  
9   this section, the term ‘social security benefit’ means any  
10   amount paid to the taxpayer by reason of entitlement to a  
11   monthly benefit under title II of the Social Security Act.”.

12          (b) **INFORMATION REPORTING.**—Subchapter B of part  
13   III of subchapter A of chapter 61 (relating to information  
14   concerning transactions with other persons) is amended by  
15   adding at the end thereof the following new section:

16   **“SEC. 6050F. RETURNS RELATING TO SOCIAL SECURITY**  
17               **BENEFITS.**

18          “(a) **REQUIREMENT OF REPORTING.**—The Secretary of  
19   Health and Human Services shall make a return, according  
20   to the forms and regulations prescribed by the Secretary, set-  
21   ting forth—

22               “(1) the aggregate amount of social security bene-  
23   fits (within the meaning of section 86(d)) paid to any  
24   individual during any calendar year, and

1           “(2) the name and address of the individual to  
2       whom paid.

3       “(b) STATEMENTS TO BE FURNISHED TO INDIVID-  
4       UALS WITH RESPECT TO WHOM INFORMATION IS FUR-  
5       NISHED.—Every person making a return under subsection  
6       (a) shall furnish to each individual whose name is set forth in  
7       such return a written statement showing—

8           “(1) the name and address of the person making  
9       such return, and

10          “(2) the aggregate amount of payments to the in-  
11       dividual as shown on such return.

12       The written statement required under the preceding sentence  
13       shall be furnished to the individual on or before January 31  
14       of the year following the calendar year for which the return  
15       under subsection (a) was made.”.

16       (c) APPROPRIATIONS AND TRANSFERS TO TRUST  
17       FUNDS.—Section 201 of the Social Security Act is amended  
18       by adding at the end thereof the following new subsection:

19          “(m)(1) There are appropriated, out of any moneys in  
20       the Treasury not otherwise appropriated, for each fiscal  
21       year—

22           “(A) to the Federal Old-Age and Survivors Insur-  
23       ance Trust Fund an amount which bears the same  
24       ratio to the increase in tax liability under chapter 1 of  
25       the Internal Revenue Code of 1954 which is attributa-

1       ble to section 86 of such Code and properly allocable  
2       to such fiscal year as—

3               “(i) the amount which is appropriated to  
4               such trust fund under subsection (a) for such fiscal  
5               year, bears to

6               “(ii) the aggregate amounts appropriated  
7               under subsections (a) and (b) for such fiscal year,  
8               and

9               “(B) to the Federal Disability Insurance Trust  
10       Fund an amount equal to the portion of the increase in  
11       tax described in subparagraph (A) which is not appro-  
12       priated under subparagraph (A).

13       “(2)(A) The Secretary of the Treasury shall estimate for  
14       fiscal year 1984 (and each year thereafter) the amount appro-  
15       priated under paragraph (1).

16       “(B) On the basis of the estimate under subparagraph  
17       (A), the Secretary of the Treasury shall not less than quarter-  
18       ly make transfers to the appropriate trust funds.

19       “(3)(A) The Secretary of the Treasury shall make  
20       proper adjustments in the amounts subsequently transferred  
21       under paragraph (2) to the extent prior estimates differed  
22       from the amounts required to be appropriated.

23       “(B) For purposes of this subsection, the final determi-  
24       nation of the amount required to be transferred under this

1 subsection for any fiscal year shall be based on the final sta-  
2 tistics of income which are—

3 “(i) published under section 6108(a) of the Inter-  
4 nal Revenue Code of 1954, and

5 “(ii) properly allocable to such fiscal year.”.

6 (d) EFFECTIVE DATE.—The amendments made by this  
7 section shall apply to benefits received after December 31,  
8 1983, and attributable to periods after such date.

9 **SEC. 303. ACCELERATION OF INCREASE IN FICA TAXES; 1984**  
10 **EMPLOYEE FICA TAX CREDIT.**

11 (a) ACCELERATION OF INCREASE IN FICA TAXES.—

12 (1) TAX ON EMPLOYEES.—Subsection (a) of sec-  
13 tion 3101 (relating to rate of tax on employees for old-  
14 age, survivors, and disability insurance) is amended by  
15 striking out paragraphs (5), (6), and (7) and inserting in  
16 lieu thereof the following:

17 “(5) with respect to wages received during the  
18 calendar years 1982 and 1983, the rate shall be 5.40  
19 percent;

20 “(6) with respect to wages received during the  
21 calendar years 1984 through 1987, the rate shall be  
22 5.70 percent;

23 “(7) with respect to wages received during the  
24 calendar years 1988 and 1989, the rate shall be 6.06  
25 percent; and



1           “(8) with respect to wages received after Decem-  
2       ber 31, 1989, the rate shall be 6.20 percent.”.

3           (2) TAX ON EMPLOYERS.—Subsection (a) of sec-  
4       tion 3111 (relating to rate of tax on employers for old-  
5       age, survivors, and disability insurance) is amended by  
6       striking out paragraphs (5) through (7) and inserting in  
7       lieu thereof the following:

8           “(5) with respect to wages paid during the calen-  
9       dar years 1982 and 1983, the rate shall be 5.40 per-  
10      cent;

11          “(6) with respect to wages paid during the calen-  
12      dar years 1984 through 1987, the rate shall be 5.70  
13      percent;

14          “(7) with respect to wages paid during the calen-  
15      dar years 1988 and 1989, the rate shall be 6.06 per-  
16      cent; and

17          “(8) with respect to wages paid after December  
18      31, 1989, the rate shall be 6.20 percent.”.

19          (3) CONFORMING AMENDMENT TO RAILROAD RE-  
20      TIREMENT TAX ACT.—Section 3231 (relating to defi-  
21      nitions) is amended by adding at the end thereof the  
22      following new subsection:

23          “(i) TAXES IMPOSED BY SECTIONS 3101(a) AND  
24      3111(a).—For purposes of this chapter, the rates of tax im-  
25      posed by sections 3101(a) and 3111(a) shall be determined

1 without regard to the amendments made by the Social Secu-  
2 rity Amendments of 1983.”.

3 (b) CREDIT FOR EMPLOYEE FICA TAXES ATTRIBUT-  
4 ABLE TO ACCELERATION OF THE INCREASE IN THE RATE  
5 OF TAX.—

6 (1) IN GENERAL.—Subchapter B of chapter 65  
7 (relating to rules of special application for abatements,  
8 credits, and refunds) is amended by inserting at the end  
9 thereof the following new section:

10 “SEC. 6430. CREDIT FOR CERTAIN 1984 EMPLOYEE FICA  
11 TAXES.

12 “(a) ALLOWANCE OF CREDIT.—There shall be allowed  
13 as a credit against the tax imposed by subtitle A for any  
14 taxable year which begins in (and ends with or after) calendar  
15 year 1984 an amount equal to the product of—

16 “(1) .003, multiplied by

17 “(2) the amount of wages received by the taxpay-  
18 er during calendar year 1984 with respect to which—

19 “(A) a tax was imposed by section 3101(a),  
20 or

21 “(B) a payment was made under an agree-  
22 ment under section 218 of the Social Security  
23 Act.

24 “(b) CREDIT TO BE REFUNDABLE.—For purposes of  
25 this title (other than subpart A of part IV of subchapter A of

1 chapter 1 and chapter 63), the credit allowed by subsection  
2 (a) shall be treated as if it were allowed by section 31 and not  
3 this section.

4 “(c) WAGES DEFINED.—For purposes of this section,  
5 the term ‘wages’ has the meaning given to such term by  
6 section 3121(a), except that such term also includes remuneration covered by an agreement under section 218 of the  
7 Social Security Act.

9 “(d) COORDINATION WITH ADVANCE PAYMENTS  
10 UNDER SECTION 3510.—

11 “(1) RECONCILIATION OF PAYMENTS ADVANCED  
12 AND CREDIT ALLOWED.—If any payment is made to  
13 the taxpayer by an employer under section 3510  
14 during 1984, then the tax imposed by this chapter for  
15 the taxable year to which subsection (a) applies shall  
16 be increased by the aggregate amount of such payments.  
17

18 “(2) EFFECT OF RECONCILIATION ON OTHER  
19 CREDITS.—Any increase in tax under paragraph (1)  
20 shall not be treated as tax imposed by this chapter for  
21 purposes of determining the amount of any credit  
22 (other than the credit allowed by subsection (a)) allowable under this subpart.”.  
23

1           (2) CONFORMING AMENDMENT.—The table of  
2           sections for subchapter B of chapter 65 is amended by  
3           adding at the end thereof the following new item:

          “Sec. 6430. Credit for certain 1984 employee FICA taxes.”.

4           (c) ADVANCE PAYMENT OF SOCIAL SECURITY  
5 CREDIT.—

6           (1) IN GENERAL.—Chapter 25 (relating to gener-  
7           al provisions involving employment taxes) is amended  
8           by adding at the end thereof the following new section:

9           “SEC. 3510. ADVANCE PAYMENT OF 1984 FICA TAX CREDIT.

10          “(a) IN GENERAL.—Except as otherwise provided in  
11          this section, every employer making payment of wages to an  
12          employee shall, at the time of paying such wages, make an  
13          additional payment to such employee equal to the product  
14          of—

15                 “(1) .003, multiplied by,

16                 “(2) the amount of such wages with respect to  
17          which—

18                         “(A) a tax is imposed by section 3101(a) for  
19                         the payroll period, or

20                         “(B) a payment was made under an agree-  
21                         ment under section 218 of the Social Security  
22                         Act.

23          “(b) PAYMENTS TO BE TREATED AS PAYMENTS OF  
24 FICA TAXES.—

1           “(1) **EMPLOYEE PAYMENTS.**—For purposes of  
2       this title, payments made by an employer under sub-  
3       section (a) to his employees for any payroll period—

4           “(A) shall not be treated as the payment of  
5       compensation, and

6           “(B) shall be treated as made out of amounts  
7       required to be deducted for the payroll period  
8       under section 3102 (relating to FICA employee  
9       taxes), and as if the employer had paid to the  
10      Secretary, on the day on which the wages are  
11      paid to the employees, an amount equal to such  
12      payments.

13          “(2) **FAILURE TO MAKE ADVANCE PAYMENTS.**—  
14      For purposes of this title (including penalties), failure  
15      to make any advance payment under subsection (a) at  
16      the time provided therefor shall be treated as the fail-  
17      ure at such time to deduct and withhold under sub-  
18      chapter A of chapter 24 an amount equal to the  
19      amount of such advance payment.

20          “(c) **DEFINITIONS.**—For purposes of this section—

21           “(1) **WAGES.**—The term ‘wages’ has the meaning  
22      given such term by section 6430(c).

23           “(2) **EMPLOYER.**—The term ‘employer’ includes  
24      any person treated as an employer under any agree-

1       ment made pursuant to section 218 of the Social Secu-  
2       rity Act.”.

3               (2) CONFORMING AMENDMENTS.—

4               (A) Section 6302 (relating to mode or time  
5       of collection) is amended by adding at the end  
6       thereof the following new subsection:

7       “(e) CROSS REFERENCE.—

              “**For treatment of payment of FICA tax credit advance  
              amounts as payment of withholding and FICA taxes, see  
              section 3510(b).**”.

8               (B) The table of sections for chapter 25 is  
9       amended by adding at the end thereof the follow-  
10      ing new item:

              “Sec. 3510. Advance payment of 1984 FICA tax credit.”.

11      (d) EFFECTIVE DATE.—The amendments made by this  
12      section shall apply only with respect to remuneration re-  
13      ceived or paid, and taxable years beginning, after December  
14      31, 1983.

15      SEC. 304. SELF-EMPLOYMENT TAXES.

16      (a) INCREASE IN RATE OF TAX.—Subsection (a) of sec-  
17      tion 1401 (relating to the old-age, survivors, and disability  
18      insurance tax on self-employment income) is amended by  
19      striking out paragraphs (5), (6), and (7) and inserting in lieu  
20      thereof the following:

21             “(5) in the case of any taxable year beginning  
22      after December 31, 1981, and before January 1, 1984,

1 the tax shall be equal to 8.05 percent of the amount of  
2 the self-employment income for such taxable year;

3 “(6) in the case of any taxable year beginning  
4 after December 31, 1983, and before January 1, 1988,  
5 the tax shall be equal to 11.40 percent of the amount  
6 of the self-employment income for such taxable year;

7 “(7) in the case of any taxable year beginning  
8 after December 31, 1987, and before January 1, 1990,  
9 the tax shall be equal to 12.12 percent of the amount  
10 of the self-employment income for such taxable year;  
11 and

12 “(8) in the case of any taxable year beginning  
13 after December 31, 1989, the tax shall be equal to  
14 12.40 percent of the amount of the self-employment  
15 income for such taxable year.”.

16 (b) ALLOWANCE OF DEDUCTION FOR 50 PERCENT OF  
17 THE SELF-EMPLOYMENT TAX.—

18 (1) ALLOWANCE OF DEDUCTION.—

19 (A) IN GENERAL.—Part VII of subchapter B  
20 of chapter 1 (relating to additional itemized de-  
21 ductions for individuals) is amended by redes-  
22 ignating section 223 as section 224 and by insert-  
23 ing after section 222 the following new section:

1 "SEC. 223. DEDUCTION FOR 50 PERCENT OF SELF-EMPLOY-  
2 MENT TAXES.

3 "There shall be allowed as a deduction for the taxable  
4 year an amount equal to 50 percent of the tax imposed by  
5 section 1401(a) which is paid or accrued by the taxpayer  
6 during such taxable year."

7 (B) DEDUCTION ALLOWED IN COMPUTING  
8 ADJUSTED GROSS INCOME.—Section 62 (defining  
9 adjusted gross income) is amended by inserting  
10 after paragraph (16) the following new paragraph:  
11 "(17) SELF-EMPLOYMENT TAXES.—The deduc-  
12 tion allowed by section 223."

13 (2) CONFORMING AMENDMENTS.—

14 (A) Paragraph (1) of section 275(a) (relating  
15 to disallowance of deductions for certain taxes) is  
16 amended—

17 (i) by striking out "and" at the end of  
18 subparagraph (B),

19 (ii) by striking out the period at the end  
20 of subparagraph (C) and inserting in lieu  
21 thereof a semicolon and "and"; and

22 (iii) by adding at the end thereof the fol-  
23 lowing new subparagraph:

24 "(D) the taxes imposed by section 1401 (re-  
25 lating to self-employment taxes) to the extent a



1 deduction is not allowed with respect to such  
2 taxes under section 223.”.

3 (B) Subsection (b) of section 1403 (relating  
4 to cross references) is amended by adding at the  
5 end thereof the following new paragraph:

6 “(4) For provisions relating to deductibility of self-  
7 employment taxes, see sections 223 and 275(a)(1)(D).”.

8 (C) Subsection (a) of section 1402 (defining  
9 net earnings from self-employment) is amended by  
10 inserting “(other than the deduction allowed by  
11 section 223)” after “trade or business” the second  
12 place it appears.

13 (D) The table of sections for part VII of sub-  
14 chapter B of chapter 1 is amended by striking out  
15 the item relating to section 223 and inserting in  
16 lieu thereof the following new items:

“Sec. 223. Deduction for 50 percent of self-employment taxes.  
“Sec. 224. Cross References.”.

17 (c) **EFFECTIVE DATE.**—The amendments made by this  
18 section shall apply to taxable years beginning after December  
19 31, 1983.

20 **SEC. 305. COVERAGE OF PAYMENTS UNDER SALARY-REDUC-**  
21 **TION PLANS.**

22 (a) **DEFINITION OF WAGES.**—

23 (1) **INTERNAL REVENUE CODE OF 1954.**—Section  
24 3121(a)(5)(A) (defining wages) is amended by inserting

1       “is a payment under a qualified cash or deferred ar-  
2       rangement under section 401(k) or” after “unless such  
3       payment”.

4           (2) SOCIAL SECURITY ACT.—Section 209(e)(1) of  
5       the Social Security Act is amended by inserting “is a  
6       payment under a qualified cash or deferred arrange-  
7       ment under section 401(k) of the Internal Revenue  
8       Code of 1954 or” after “unless such payment”.

9       (b) EFFECTIVE DATE.—The amendments made by sub-  
10      section (a) shall apply with respect to payments made after  
11      December 31, 1983.

12           TITLE IV—MISCELLANEOUS FINANCING  
13                           PROVISIONS

14      ALLOCATIONS TO DISABILITY INSURANCE TRUST FUND

15      SEC. 401. (a) Section 201(b)(1) of the Social Security  
16      Act is amended by striking out clauses (K) through (M) and  
17      inserting in lieu thereof the following: “(K) 1.65 per centum  
18      of the wages (as so defined) paid after December 31, 1981,  
19      and before January 1, 1984, and so reported, (L) 0.50 per  
20      centum of the wages (as so defined) paid after December 31,  
21      1983, and before January 1, 1985, and so reported, (M) 1.00  
22      per centum of the wages (as so defined) paid after December  
23      31, 1984, and before January 1, 1990, and so reported, and  
24      (N) 1.60 per centum of the wages (as so defined) paid after  
25      December 31, 1989, and so reported,”.

1       (b) Section 201(b)(2) of such Act is amended by striking  
2 out clauses (K) through (M) and inserting in lieu thereof the  
3 following: “(K) 1.2375 per centum of the amount of self-  
4 employment income (as so defined) so reported for any tax-  
5 able year beginning after December 31, 1981, and before  
6 January 1, 1984, (L) 0.50 per centum of the amount of self-  
7 employment income (as so defined) so reported for any tax-  
8 able year beginning after December 31, 1983, and before  
9 January 1, 1985, (M) 1.00 per centum of the amount of self-  
10 employment income (as so defined) so reported for any tax-  
11 able year beginning after December 31, 1984, and before  
12 January 1, 1990, and (N) 1.60 per centum of the self-em-  
13 ployment income (as so defined) so reported for any taxable  
14 year beginning after December 31, 1989,”.

15                   INTERFUND BORROWING EXTENSION

16       SEC. 402. (a) Section 201(l)(1) of the Social Security  
17 Act is amended by striking out “January 1983” and insert-  
18 ing in lieu thereof “January 1988”.

19       (b) Section 1817 of such Act is amended by striking out  
20 subsection (j) thereof.

21                   CREDITING AMOUNTS OF UNNEGOTIATED CHECKS TO

22                                   TRUST FUNDS

23       SEC. 403. (a) The Secretary of the Treasury shall take  
24 such actions as may be necessary to ensure that amounts of  
25 checks for benefits under title II of the Social Security Act

1 which have not been presented for payment within a reason-  
2 able length of time (not to exceed twelve months) after issu-  
3 ance are credited to the Federal Old-Age and Survivors In-  
4 surance Trust Fund or the Federal Disability Insurance  
5 Trust Fund, whichever may be the fund from which the  
6 check was issued. Amounts of any such check shall be re-  
7 charged to the fund from which they were issued if payment  
8 is subsequently made on such check.

9 (b)(1) The Secretary of the Treasury shall transfer from  
10 the general fund of the Treasury to the Federal Old-Age and  
11 Survivors Insurance Trust Fund and to the Federal Disabil-  
12 ity Insurance Trust Fund, as appropriate, such sums as may  
13 be necessary to reimburse such Trust Funds in the total  
14 amounts of all currently unnegotiated benefit checks. After  
15 the amounts appropriated by this subsection have been trans-  
16 ferred to the Trust Funds, the provisions of subsection (a)  
17 shall be applicable. There are hereby appropriated into such  
18 Trust Funds such sums as may be necessary to reimburse  
19 such Trust Funds for the amount of currently unnegotiated  
20 benefit checks. The first such transfer shall be made within  
21 thirty days after the date of the enactment of this Act with  
22 respect to all such unnegotiated checks as of such date of  
23 enactment.

24 (2) As used in paragraph (1), the term "currently unne-  
25 gotiated benefit checks" means the checks issued under title

1 II of the Social Security Act prior to the date of the enact-  
2 ment of this Act, which remain unnegotiated after the twelfth  
3 month following the date on which they were issued.

4           TRANSFER TO TRUST FUNDS FOR BENEFITS

5           ATTRIBUTABLE TO MILITARY SERVICE BEFORE 1957

6           SEC. 404. (a) Section 217(g) of the Social Security Act  
7 is amended to read as follows:

8                   “Appropriation to Trust Funds

9           “(g)(1) Within thirty days after the date of the enact-  
10 ment of the Social Security Amendments of 1983, the Secre-  
11 tary shall determine the amounts which are the amounts esti-  
12 mated to be necessary to be transferred into each of the Fed-  
13 eral Old-Age and Survivors Insurance Trust Fund, the Fed-  
14 eral Disability Insurance Trust Fund, and the Federal Hospi-  
15 tal Insurance Trust Fund on such date of enactment so that  
16 each such Trust Fund will be in the same position at the  
17 close of September thirty, 2015 as each such Trust Fund  
18 would otherwise be in at the close of September thirty, 2015  
19 if section 210 of this Act as in effect prior to the Social Secu-  
20 rity Act Amendments of 1950, and this section, had not been  
21 enacted (less any amounts previously transferred under the  
22 provisions of this subsection as in effect prior to the date of  
23 the enactment of the Social Security Amendments of 1983).  
24 The rate of interest to be used in initially determining such  
25 amount shall be the rate determined under section 201(f) for

1 public debt obligations which were or could have been issued  
2 for purchase by such Trust Funds on the date of the enact-  
3 ment of the Social Security Amendments of 1983, and the  
4 assumptions with respect to future increases in wage and  
5 price levels shall be consistent with such rate of interest. The  
6 Secretary of the Treasury shall transfer the amounts deter-  
7 mined under this paragraph into such Trust Funds from the  
8 general fund in the Treasury within thirty days after the date  
9 of the enactment of the Social Security Amendments of  
10 1983. There are hereby appropriated into such Trust Funds  
11 sums equal to the amounts to be transferred in accordance  
12 with this paragraph into such Trust Funds.

13       “(2) The Secretary shall revise the amount determined  
14 under paragraph (1) within one year after the date of the  
15 transfer made under paragraph (1), and every five years  
16 thereafter, as warranted by data which may become available  
17 to him after the date of the transfer under paragraph (1)  
18 based upon actual benefits paid under this title and title  
19 XVIII. Any amounts determined to be needed for transfer  
20 shall be transferred annually by the Secretary of the Treas-  
21 ury into the appropriate Trust Fund from the general fund in  
22 the Treasury, or out of the appropriate Trust Fund into the  
23 general fund in the Treasury, as may be appropriate. There  
24 are authorized to be appropriated to such Trust Funds sums

1 equal to the amounts to be transferred in accordance with  
2 this paragraph into such Trust Funds.”.

3 PAYMENTS TO TRUST FUNDS OF AMOUNTS EQUIVALENT  
4 TO TAXES ON SERVICE IN THE UNIFORMED SERVICES  
5 PERFORMED AFTER 1956

6 SEC. 405. (a) Section 229(b) of the Social Security Act  
7 is amended to read as follows:

8 “(b) There are authorized to be appropriated to the Fed-  
9 eral Old-Age and Survivors Insurance Trust Fund, the Fed-  
10 eral Disability Insurance Trust Fund, and the Federal Hospi-  
11 tal Insurance Trust Fund, for each fiscal year, amounts equal  
12 to the additional amounts which would be appropriated into  
13 each such Trust Fund for such fiscal year under sections 201  
14 and 1817 of this Act if the amounts of the additional wages  
15 deemed to have been paid by reason of subsection (a) consti-  
16 tuted remuneration for employment (as defined in section  
17 3121(b) of the Internal Revenue Code of 1954) for purposes  
18 of the taxes imposed by sections 3101 and 3111 of the Inter-  
19 nal Revenue Code of 1954.”.

20 (b) The amendment made by subsection (a) shall be ef-  
21 fective with respect to wages deemed to have been paid for  
22 calendar years after 1982.

23 (c)(1) Within thirty days after the date of the enactment  
24 of this Act, the Secretary of Health and Human Services  
25 shall determine the amounts equal to the additional amounts

1 which would have been appropriated into the Federal Old-  
2 Age and Survivors Insurance Trust Fund, the Federal Dis-  
3 ability Insurance Trust Fund, and the Federal Hospital In-  
4 surance Trust Fund under sections 201 and 1817 of the  
5 Social Security Act, if the additional wages deemed to have  
6 been paid under section 229(a) of the Social Security Act  
7 prior to 1983 had constituted remuneration for employment  
8 (as defined in section 3121(b) of the Internal Revenue Code  
9 of 1954) for purposes of the taxes imposed by sections 3101  
10 and 3111 of the Internal Revenue Code of 1954, and the  
11 amount of interest which would have been earned on such  
12 amounts if they had been so appropriated.

13 (2)(A) The Secretary of the Treasury shall, within thirty  
14 days after the date of the enactment of this Act, transfer into  
15 each such Trust Fund, from the general fund in the Treasury,  
16 an amount equal to the amount determined with respect to  
17 such Trust Fund under paragraph (1), less any amount ap-  
18 propriated into such Trust Fund under the provisions of sec-  
19 tion 229(b) of the Social Security Act prior to the date of the  
20 determination made under paragraph (1) with respect to  
21 wages deemed to have been paid for calendar years prior to  
22 1983. There are hereby appropriated into such Trust Funds  
23 sums equal to the amounts to be transferred in accordance  
24 with this subparagraph into such Trust Funds.



1       (B) The Secretary shall revise the amount determined  
2 under subparagraph (A) within one year after the date of the  
3 transfer made under paragraph (1), as warranted by data  
4 which may become available to him after the date of the  
5 transfer under subparagraph (A) based upon actual benefits  
6 paid under this title and title XVIII. Any amounts deter-  
7 mined to be needed for transfer shall be transferred by the  
8 Secretary of the Treasury into the appropriate Trust Fund  
9 from the general fund in the Treasury, or out of the appropri-  
10 ate Trust Fund into the general fund in the Treasury, as may  
11 be appropriate. There are authorized to be appropriated to  
12 such Trust Funds sums equal to the amounts to be trans-  
13 ferred in accordance with this subparagraph into such Trust  
14 Funds.

15                   TRUST FUND INVESTMENT PROCEDURE

16       SEC. 406. (a) Section 201 of the Social Security Act is  
17 amended by striking out subsections (d), (e), and (f) and in-  
18 serting in lieu thereof the following new subsections:

19       “(d) There are hereby created on the books of the  
20 Treasury of the United States an account to be known as the  
21 Old-Age and Survivors Insurance Depositary Account and an  
22 account to be known as the Disability Insurance Depositary  
23 Account.

24       “(e) The Managing Trustee shall deposit that portion of  
25 the Federal Old-Age and Survivors Insurance Trust Fund

1 not required to meet current withdrawals from such Trust  
2 Fund in the Old-Age and Survivors Insurance Depository  
3 Account and that portion of the Federal Disability Insurance  
4 Trust Fund not required to meet current withdrawals from  
5 such Trust Fund in the Disability Insurance Depository Ac-  
6 count.

7 “(f)(1) The Secretary of the Treasury may apply moneys  
8 deposited in an account pursuant to subsection (e) in any way  
9 in which he is authorized by law to apply moneys in the  
10 general fund of the Treasury.

11 “(2)(A) Moneys deposited in an account pursuant to sub-  
12 section (e) shall be treated as indebtedness of the United  
13 States for purposes of section 1305(2) of title 31, United  
14 States Code, and shall earn interest, payable monthly, in an  
15 amount equal to the product obtained by multiplying the  
16 average balance of moneys in the account for such month by  
17 the average market yield (computed by the Managing  
18 Trustee on the basis of market quotations as of the end of  
19 each day of the previous month) on all marketable interest-  
20 bearing obligations of the United States then forming a part  
21 of the public debt which are not due or callable until after the  
22 expiration of four years from the end of such previous month,  
23 except that ‘flower bonds’ shall not be included in such com-  
24 putation.

1       “(B) For purposes of this paragraph, the term ‘flower  
2 bond’ means a United States Treasury bond which was  
3 issued before March 4, 1971 and which may, at the option of  
4 the duly constituted representatives of the estate of a de-  
5 ceased individual, be redeemed at par (face) value, plus ac-  
6 crued interest to the date of payment, if—

7               “(i) it was owned by such deceased individual at  
8       the time of his death,

9               “(ii) it is part of the estate of such deceased indi-  
10       vidual, and

11               “(iii) such representatives authorize the Secretary  
12       of the Treasury to apply the entire proceeds of the re-  
13       demption of such bond to the payment of Federal  
14       estate taxes.

15       “(3) The Managing Trustee may withdraw moneys de-  
16       posited in an account pursuant to subsection (e) whenever he  
17       determines that such moneys are necessary to meet current  
18       withdrawals from the Trust Fund which deposited such  
19       moneys, and the Secretary of the Treasury may sell obliga-  
20       tions of the United States in the market in an amount not to  
21       exceed the amount of such withdrawal if he determines that  
22       such withdrawal necessitates an increase in the general fund  
23       of the Treasury by an amount not exceeding such amount.”.

1 (b) Section 1817 of such Act is amended by striking out  
2 subsections (c), (d), and (e) and inserting in lieu thereof the  
3 following new subsections:

4 “(c) There is hereby created on the books of the Treas-  
5 ury of the United States an account to be known as the Hos-  
6 pital Insurance Depositary Account.

7 “(d) The Managing Trustee shall deposit that portion of  
8 the Federal Hospital Insurance Trust Fund not required to  
9 meet current withdrawals from such Trust Fund in the Hos-  
10 pital Insurance Depositary Account.

11 “(e)(1) The Secretary of the Treasury may apply  
12 moneys deposited in the account pursuant to subsection (d) in  
13 any way in which he is authorized by law to apply moneys in  
14 the general fund of the Treasury.

15 “(2)(A) Moneys deposited in the account pursuant to  
16 subsection (d) shall be treated as indebtedness of the United  
17 States for purposes of section 1305(2) of title 31, United  
18 States Code, and shall earn interest, payable monthly, in an  
19 amount equal to the product obtained by multiplying the  
20 average balance of moneys in the account for such month by  
21 the average market yield (computed by the Managing Trust-  
22 ee on the basis of market quotations as of the end of each day  
23 of the previous month) on all marketable interest-bearing ob-  
24 ligations of the United States then forming a part of the  
25 public debt which are not due or callable until after the expi-

1 ration of four years from the end of such previous month,  
2 except that 'flower bonds' shall not be included in such com-  
3 putation.

4       “(B) For purposes of this paragraph, the term ‘flower  
5 bond’ means a United States Treasury bond which was  
6 issued before March 4, 1971, and which may, at the option of  
7 the duly constituted representatives of the estate of a de-  
8 ceased individual, be redeemed at par (face) value, plus ac-  
9 crued interest to the date of payment, if—

10           “(i) it was owned by such deceased individual at  
11 the time of his death,

12           “(ii) it is part of the estate of such deceased indi-  
13 vidual, and

14           “(iii) such representatives authorize the Secretary  
15 of the Treasury to apply the entire proceeds of the re-  
16 demption of such bond to the payment of Federal  
17 estate taxes.

18       “(3) The Managing Trustee may withdraw moneys de-  
19 posited in the account pursuant to subsection (d) whenever he  
20 determines that such moneys are necessary to meet current  
21 withdrawals from the Trust Fund, and the Secretary of the  
22 Treasury may sell obligations of the United States in the  
23 market in an amount not to exceed the amount of such with-  
24 drawal if he determines that such withdrawal necessitates an

1 increase in the general fund of the Treasury by an amount  
2 not exceeding such amount.”.

3 (c) Section 1841 of such Act is amended by striking out  
4 subsections (c), (d), and (e) and inserting in lieu thereof the  
5 following new subsections:

6 “(c) There is hereby established on the books of the  
7 Treasury an account to be known as the Supplementary  
8 Medical Insurance Depositary Account.

9 “(d) The Managing Trustee shall deposit that portion of  
10 the Federal Supplementary Medical Insurance Trust Fund  
11 not required to meet current withdrawals from such Trust  
12 Fund in the Supplementary Medical Insurance Depositary  
13 Account.

14 “(e)(1) The Secretary of the Treasury may apply  
15 moneys deposited in the account pursuant to subsection (d) in  
16 any way in which he is authorized by law to apply moneys in  
17 the general fund of the Treasury.

18 “(2)(A) Moneys deposited in the account pursuant to  
19 subsection (d) shall be treated as indebtedness of the United  
20 States for purposes of section 1305(2) of title 31, United  
21 States Code, and shall earn interest, payable monthly, in an  
22 amount equal to the product obtained by multiplying the  
23 average balance of moneys in the account for such month by  
24 the average market yield (computed by the Managing Trust-  
25 ee on the basis of market quotations as of the end of each day

1 of the previous month) on all marketable interest-bearing ob-  
2 ligations of the United States then forming a part of the  
3 public debt which are not due or callable until after the expi-  
4 ration of four years from the end of such previous month,  
5 except that 'flower bonds' shall not be included in such com-  
6 putation.

7       “(B) For purposes of this paragraph, the term 'flower  
8 bond' means a United States Treasury bond which was  
9 issued before March 4, 1971, and which may, at the option of  
10 the duly constituted representatives of the estate of a de-  
11 ceased individual, be redeemed at par (face) value, plus ac-  
12 crued interest to the date of payment, if—

13               “(i) it was owned by such deceased individual at  
14 the time of his death,

15               “(ii) it is part of the estate of such deceased indi-  
16 vidual, and

17               “(iii) such representatives authorize the Secretary  
18 of the Treasury to apply the entire proceeds of the re-  
19 demption of such bond to the payment of Federal  
20 estate taxes.

21       “(3) The Managing Trustee may withdraw moneys de-  
22 posited in the account pursuant to subsection (d) whenever he  
23 determines that such moneys are necessary to meet current  
24 withdrawals from the Trust Fund, and the Secretary of the  
25 Treasury may sell obligations of the United States in the

1 market in an amount not to exceed the amount of such with-  
2 drawal if he determines that such withdrawal necessitates an  
3 increase in the general fund of the Treasury by an amount  
4 not exceeding such amount.”.

5 (d)(1) Not later than thirty days after the date of enact-  
6 ment of this Act, the Secretary of the Treasury shall redeem  
7 at par all outstanding obligations of the United States issued  
8 under the Second Liberty Bond Act exclusively for purchase  
9 by the Federal Old-Age Insurance Trust Fund, the Federal  
10 Disability Insurance Trust Fund, the Federal Hospital Insur-  
11 ance Trust Fund, and the Federal Supplementary Medical  
12 Insurance Trust Fund (hereinafter in this subsection referred  
13 to as the “Trust Funds”).

14 (2)(A) The Managing Trustee may sell any marketable  
15 obligation of the United States held by the Trust Funds at  
16 market price at any time and shall sell (or redeem) all  
17 “flower bonds” held by the Trust Funds at market price  
18 within thirty days of the date of enactment of this Act.

19 (B) For purposes of this paragraph, the term “flower  
20 bond” means a United States Treasury bond which was  
21 issued before March 4, 1971, and which may, at the option of  
22 the duly constituted representatives of the estate of a de-  
23 ceased individual, be redeemed at par (face) value, plus ac-  
24 crued interest to the date of payment, if—



1           (i) it was owned by such deceased individual at  
2       the time of his death,

3           (ii) it is part of the estate of such deceased indi-  
4       vidual, and

5           (iii) such representatives authorize the Secretary  
6       of the Treasury to apply the entire proceeds of the re-  
7       demption of such bond to the payment of Federal  
8       estate taxes.

9       (3) The proceeds from the redemption and sale of obliga-  
10      tions of the United States pursuant to paragraphs (1) and (2)  
11      shall be paid to the Trust Fund selling or redeeming such  
12      obligations and that portion of such proceeds which is not  
13      required to meet current withdrawals from such Trust Fund  
14      shall be deposited in the account established with respect to  
15      such Trust Fund by subsection (a), (b), or (c) of this Act.

16       (e) The amendments made by this Act shall take effect  
17      on the first day of the month following the date of enactment  
18      of this Act.

19      **ADDITION OF PUBLIC MEMBERS TO TRUST FUND BOARDS**  
20                                      **OF TRUSTEES**

21       **SEC. 407.** (a) Sections 201(c), 1817(b), and 1841(b) of  
22      the Social Security Act are each amended by striking out the  
23      period at the end of the first sentence and inserting in lieu  
24      thereof a comma and "and of two members of the public  
25      (both of whom may not be from the same political party),

58

1 who shall be nominated by the President for a term of four  
2 years and subject to confirmation by the Senate.”.

3 (b) The amendments made by subsection (a) shall  
4 become effective on the date of enactment of this Act.

○